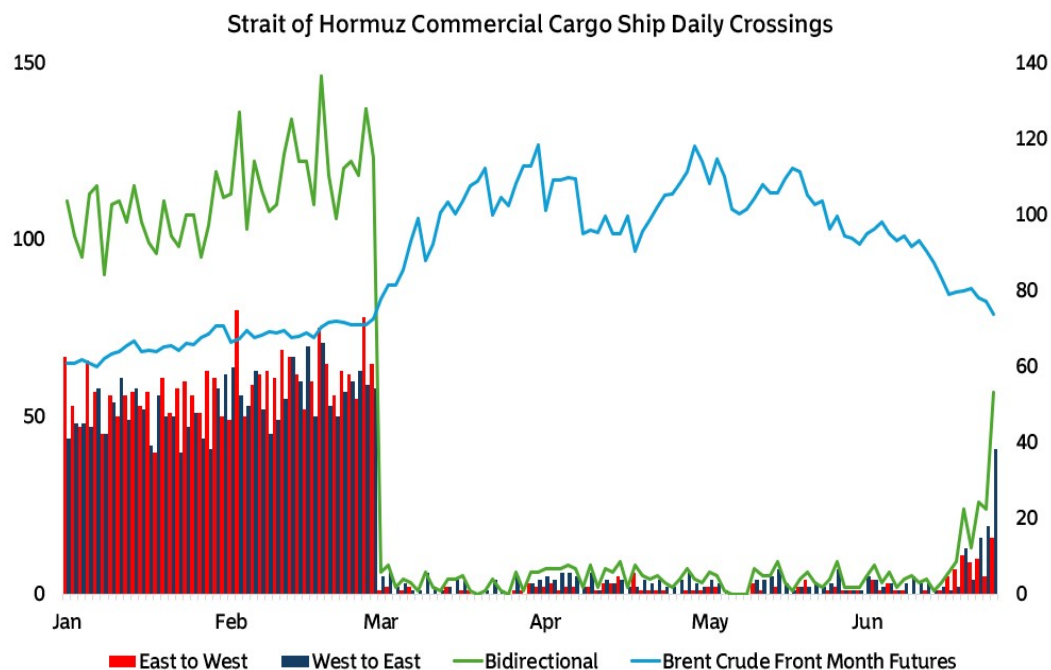


The Price of Passage Jonathan Nicholls



Source: Momentum Global Investment Management, Bloomberg Finance L.P. Data to 26 June 2026.

What does the chart show?

This chart follows on from our April viewpoint and shows an upturn in commercial cargo ship crossings across the Strait of Hormuz since the revived US-Iran peace talks that took place in Geneva early last week, and also the price of the Brent Crude Front Month Futures.

Why this is important

Conflict in the strait has been dominating headlines this year and rightly so, with the passage accounting for around 20% of global oil and liquefied natural gas, alongside a third of world fertiliser trade and various key imports.

On 17 June, Iranian President Masoud Pezeshkian joined US President Trump in remotely signing a 14-point memorandum of understanding, an interim agreement outlining 60 days of talks with the hopes of building stability in the region. Under the terms both countries commit to an immediate (and permanent) ceasefire. Iran agrees not to pursue nuclear weapons and to allow international oversight of its nuclear programme whilst guaranteeing safe commercial shipping through the Strait. In return, the US agrees to begin easing sanctions, allow Iranian oil exports, work towards releasing frozen Iranian assets, remove its naval blockade, and support Iran's economic recovery, with further sanctions relief tied to Iran's compliance.

However, there's cause for scepticism. Critics argue that it gives Iran significant short-term concessions whilst 'kicking the can down the road' on many original catalysts for the war which remain unresolved, not least the future of Iran's uranium enrichment and deteriorating economic landscape.

Differences over Lebanon remain a significant point of contention. At Iran's behest, the memorandum included commitment to a ceasefire in Lebanon between Israeli forces and Hezbollah, the Iran-backed Shia militia. Israel went into Lebanon back in March and whilst Israel and the US entered this war together, they found their interests diverging. Trump's administration concentrated on re-opening the strait, originally by military means but ultimately in the form of an agreement the US were compelled to accept. Conversely, Israel seeks to weaken Iran's missile and nuclear infrastructure and neutralise regional proxies such as Hezbollah.

Tankers left stranded in the gulf are beginning to head for the exits, laden with crude oil ready to take to world markets. Whilst this brings short term relief, it's still to be seen if new traffic will brave the crossing under this 'placeholder' framework (not to mention the Iranian underwater mine network that is yet to be cleared). On Thursday, the United Nations was already forced to pause evacuations following investigations on a further attack on a cargo ship.

In the upcoming weeks Iran and the US will each contest to present themselves in the more favourable light, with ongoing talks between the US and Iran but also Israeli and Lebanese governments in Washington. Further de-escalation should ensure the recent inflationary pulse does not become entrenched.



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